

## Message Text

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ACTION NEA-09

INFO OCT-01 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00

EB-07 FRB-03 H-01 INR-07 INT-05 L-02 LAB-04 NSAE-00

NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-01 TAR-01

TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 FEA-01 /085 W

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R 141102Z FEB 75

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 2243

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E.O. 11652 N/A

SUBJ: SRI LANKA TRADE ACT OF 1974

REF: (A) STATE 28219 (B) STATE 23544 (C) STATE 21689

(D) COLOMBO 0382

1. SUMMARY: BASED ON RECENT GUIDANCE FROM WASHINGTON WE HAVE HAD INITIAL DETAILED DISCUSSIONS WITH GSL TRADE MINISTRY WORKING LEVEL OFFICIALS CONCERNING TRADE ACT AND GSP PROVISIONS. BASED ON EARLIER CABINET LEVEL EXPRESSION OF INTEREST AND THESE RECENT CONVERSATIONS WE CONFIRM GSL'S INTEREST IN BENEFICIARY DEVELOPING COUNTRY (BBS) DESIGNATION. WE SEE LITTLE PROBABILITY THAT GSL WOULD RENOUNCE BDC DESIGNATION. WE ARE SUGGESTING REAFFIRMATION OF GSL'S INTEREST AND SEEKING DETAILS OF THEIR THINKING ON TRADE BILL. END SUMMARY.

2. DESPITE REPEATED INQUIRIES, OUR INITIAL APPROACH TO GSL HAS BEEN DELAYED BY TRADE OFFICIALS' PREOCCUPATION WITH ANNUAL TRADE NEGOTIATIONS WITH PRC. EMBASSY ECONOMIC-COMMERICAL OFFICER HAS NOW HAD DETAILED DISCUSSION WITH DIRECTOR OF COMMERCE WHO IS SENIOR LIMITED OFFICIAL USE

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WORKING LEVEL OFFICIAL CONCERNED. GIVEN SUBSTANCE OF

GUIDANCE IN REFS (A), (B), AND (C), DELAY WAS FORTUNATE SINCE WE BELIEVE GSL IS SENSITIVE AND SOMEWHAT APPREHENSIVE ABOUT IMPACT OF WORLD TRADE NEGOTIATIONS ON WHAT IT FEELS IS ITS ALREADY DISADVANTAGED TRADE POSITION.

3. ALTHOUGH GSL GENERAL PROVISIONS, ESPECIALLY WITH RESPECT TO ELIGIBILITY, WERE REVIEWED IN DETAIL, FURTHER CONVERSATIONS WILL BE REQUIRED TO DETERMINE GSL'S EXACT POSITION AND PROBABLE POLICY CONCERNING TRADE ACT ONCE THEY HAVE STUDIED IT IN DETAIL.

4. IN RESPONSE TO PARA 3 REF (B) WE HAVE REVIEWED WITH COMMERCE DIRECTOR CONTENT OF FOREIGN AND INTERNAL TRADE MINISTER T.B. ILANGARATNE'S LETTER TO AMBASSADOR OF JUNE 4, 1973 (TRANSMITTED AS COLOMBO 1498, (JUNE 13, 1973 AND A-149, JUNE 27, 1973) AND AMBASSADOR'S REPLY OF SEPTEMBER 7, 1973 (BASED ON GUIDANCE RECEIVED IN STATE 153537, AUGUST 6, 1973. COMMERCE DIRECTOR AFFIRMED INFORMALLY THAT THIS STILL CONSTITUTES GSL'S EXPRESSION OF INT-

EREST IN BDC DESIGNATION. AMBASSADOR HAS WRITTEN TRADE MINISTER ENCLOSING COPY OF ACT AND SUMMARY AND SUMMARY OF PROVISIONS AND SUGGESTING WRITTEN REAFFIRMATION OF GSL INTEREST.

5. CONCERNING PARA 3 REF (A), AT THIS TIME WE BELIEVE IT VERY UNLIKELY GSL WOULD RENOUNCE BDC DESIGNATION BUT CLOSE CONSULTATION AND EXPLANATION OF BENEFITS AND OF ELIGIBILITY PROVISIONS WILL BE REQUIRED.  
VAN HOLLEN

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## Message Attributes

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**Channel Indicators:** n/a  
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**TAGS:** ETRD, CE, US  
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